
CONNECTICUT'S JOB MARKET: THE NEED FOR TALENT, TECHNOLOGY & INNOVATION

entrepreneurial efficient dynamic versatile responsive trusted creative progressive visionary

**PREPARED FOR:
The Connecticut Jobs Summit**

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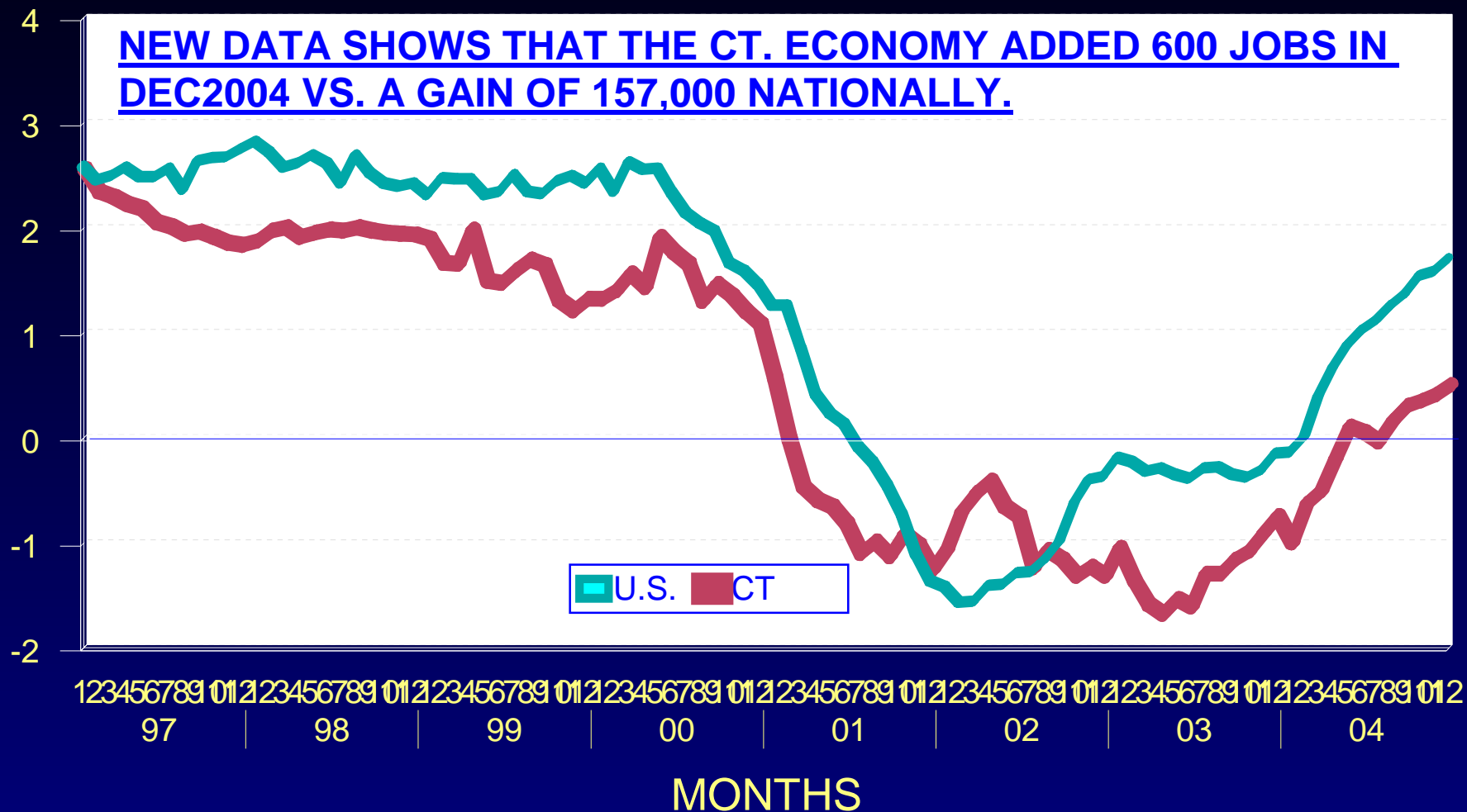
OVERVIEW:

WHY HAS CONNECTICUT JOB GROWTH LAGGED?

- THE BUSINESS CYCLE HAS YET TO ACCELERATE SUFFICIENTLY.
- THE "SUBSTITUTION EFFECT", WHEREBY BUSINESSES SUBSTITUTE CAPITAL FOR LABOR. INCENTIVES? LOW INTEREST RATES
- HIGH INDIRECT COSTS ASSOCIATED WITH NEW HIRES: HEALTH CARE COSTS, EXPENSES ASSOCIATED WITH 401K'S, VACATIONS.
- QUALITY AND QUANTITY OF NEW TECHNOLOGIES REDUCES DEMAND FOR LABOR.
- HIGH COST OF DOING BUSINESS MATTER IN THE LONG-RUN: 12% ABOVE THE U.S., LOOKING AT WAGES, TAXES AND ENERGY. (5TH HIGHEST IN THE U.S.)

YEAR-OVER-YEAR % CHANGE IN TOTAL NON-FARM EMPLOYMENT CONNECTICUT. VS U.S/ JAN97-DEC04

U.S. AND CT % CH -EMPLOYMENT-YR/YR

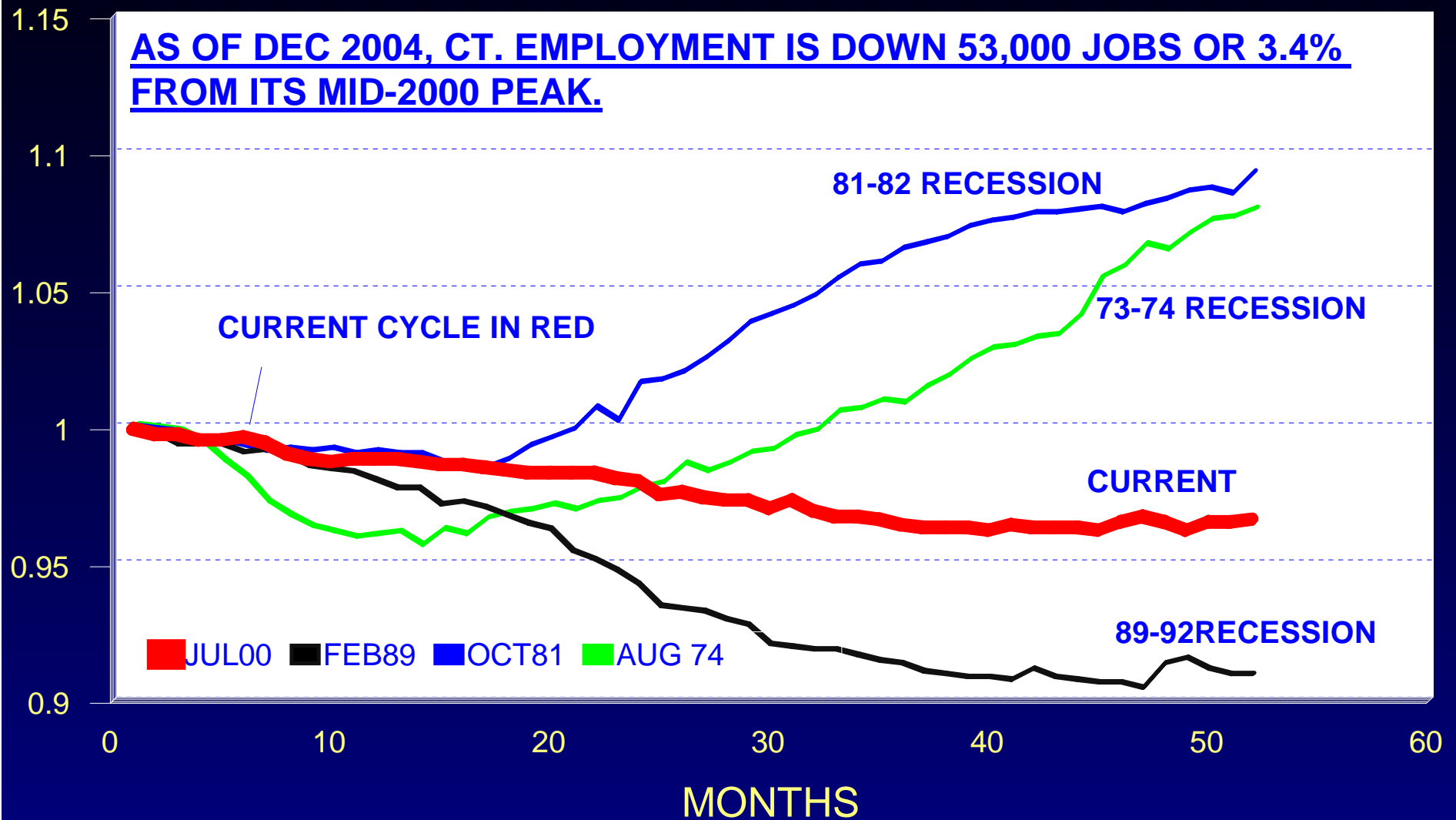


SOURCES: U.S. DEPT. OF LABOR

JOB DETERIORATION IN PRIOR CONNECTICUT RECESSIONS EMPLOYMENT PEAK=1.000

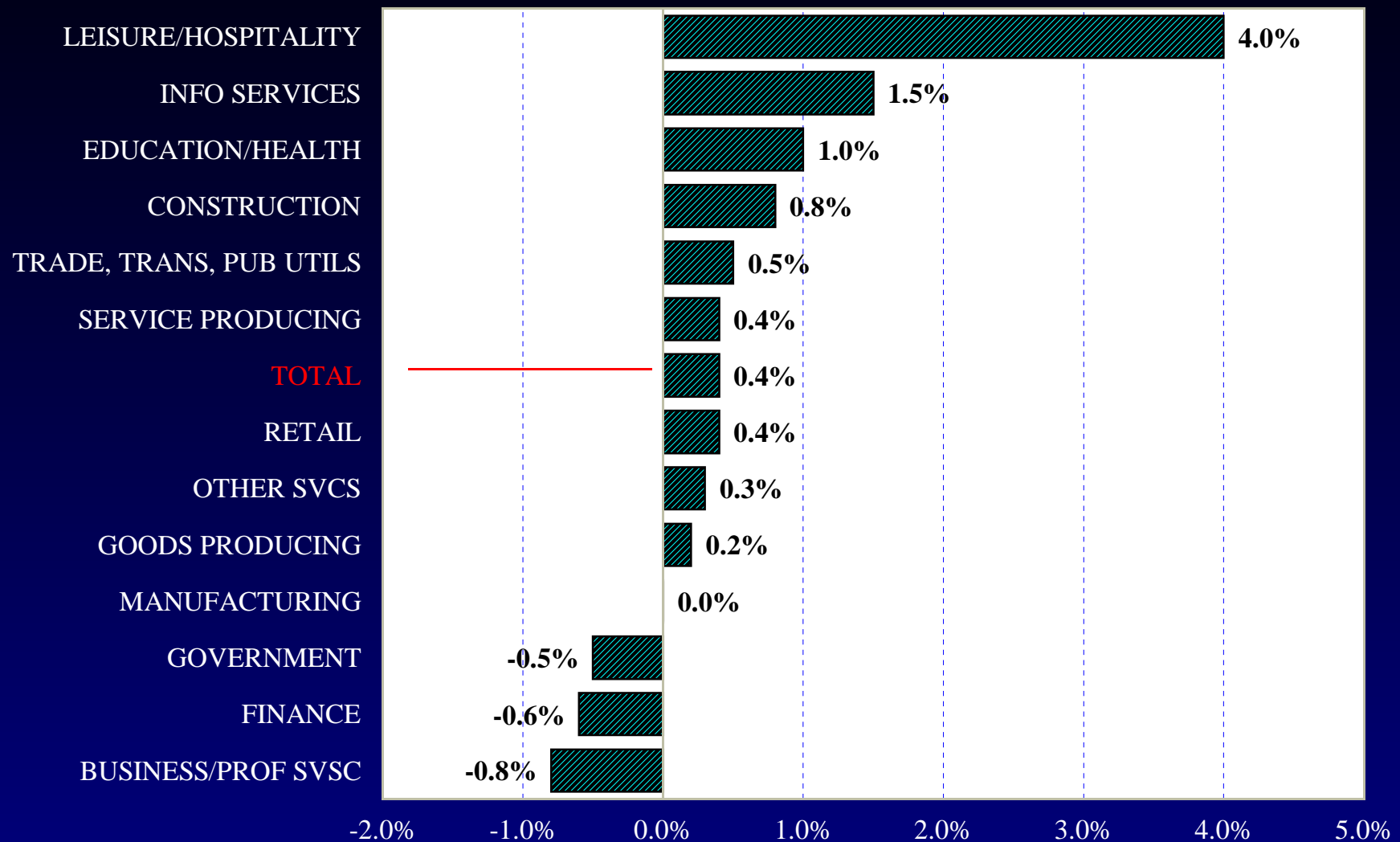
1.000 REPRESENTS EMPLOYMENT PEAK

AS OF DEC 2004, CT. EMPLOYMENT IS DOWN 53,000 JOBS OR 3.4% FROM ITS MID-2000 PEAK.



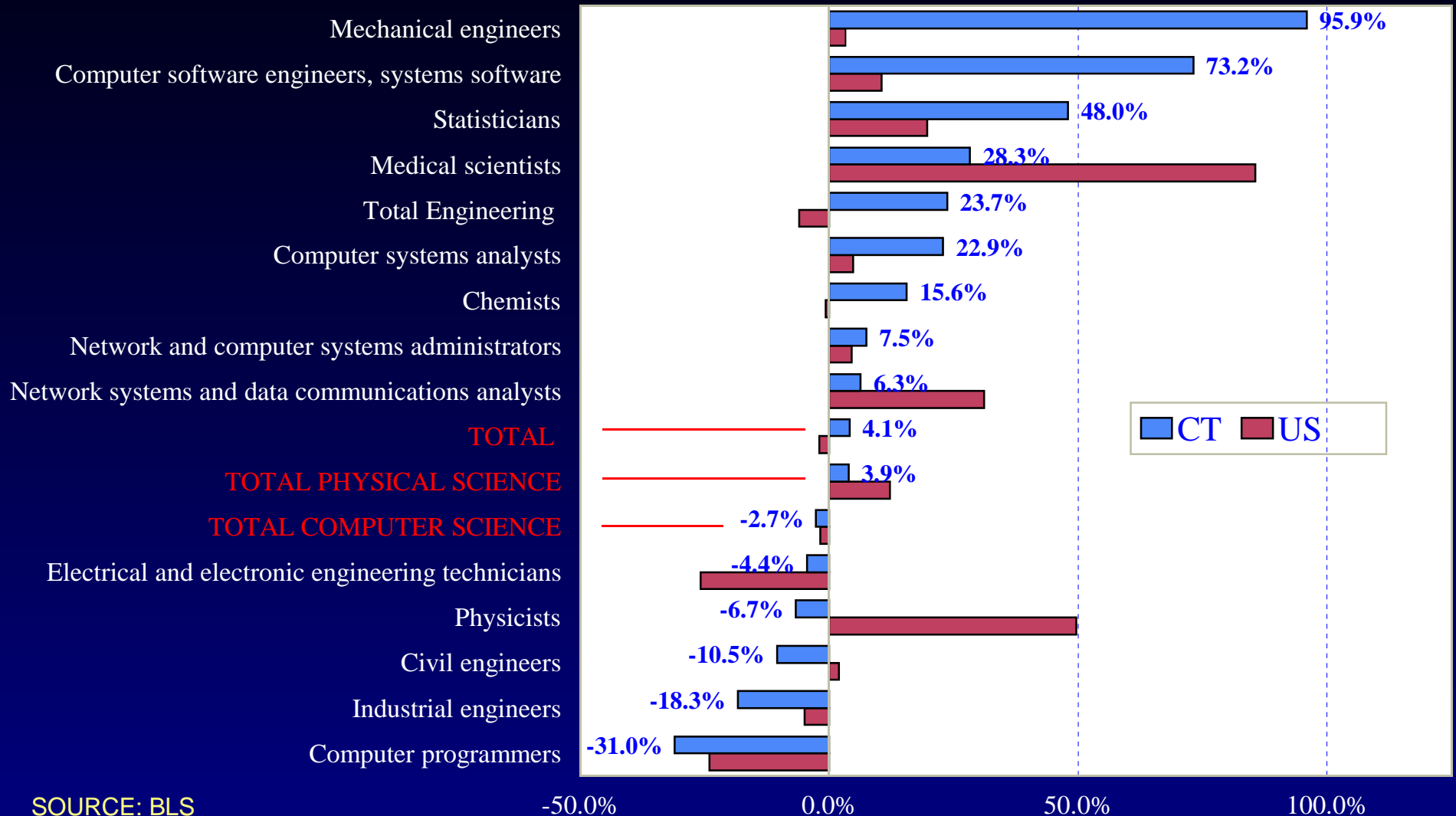
SOURCE: CT LABOR DEPT, U.S. DEPT. OF LABOR,

% CHANGE IN CONNECTICUT EMPLOYMENT BY NAICS CATEGORY, NOV 2003-NOV 2004



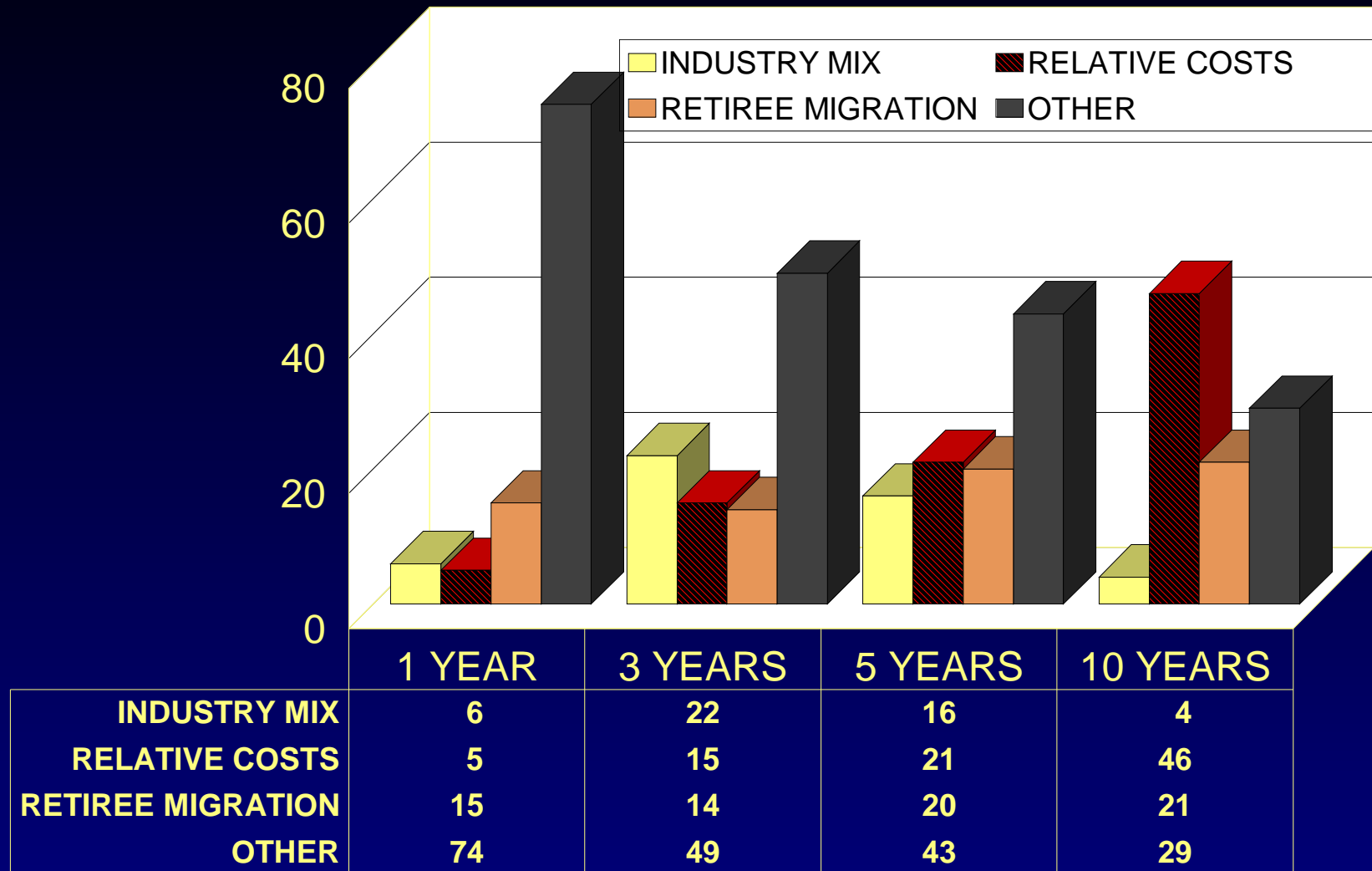
SOURCE: CT. LABOR DEPT.

SCIENCE & TECH EMPLOYMENT BY CATEGORY, % CHANGE, 2000-2003 CT. VS U.S.



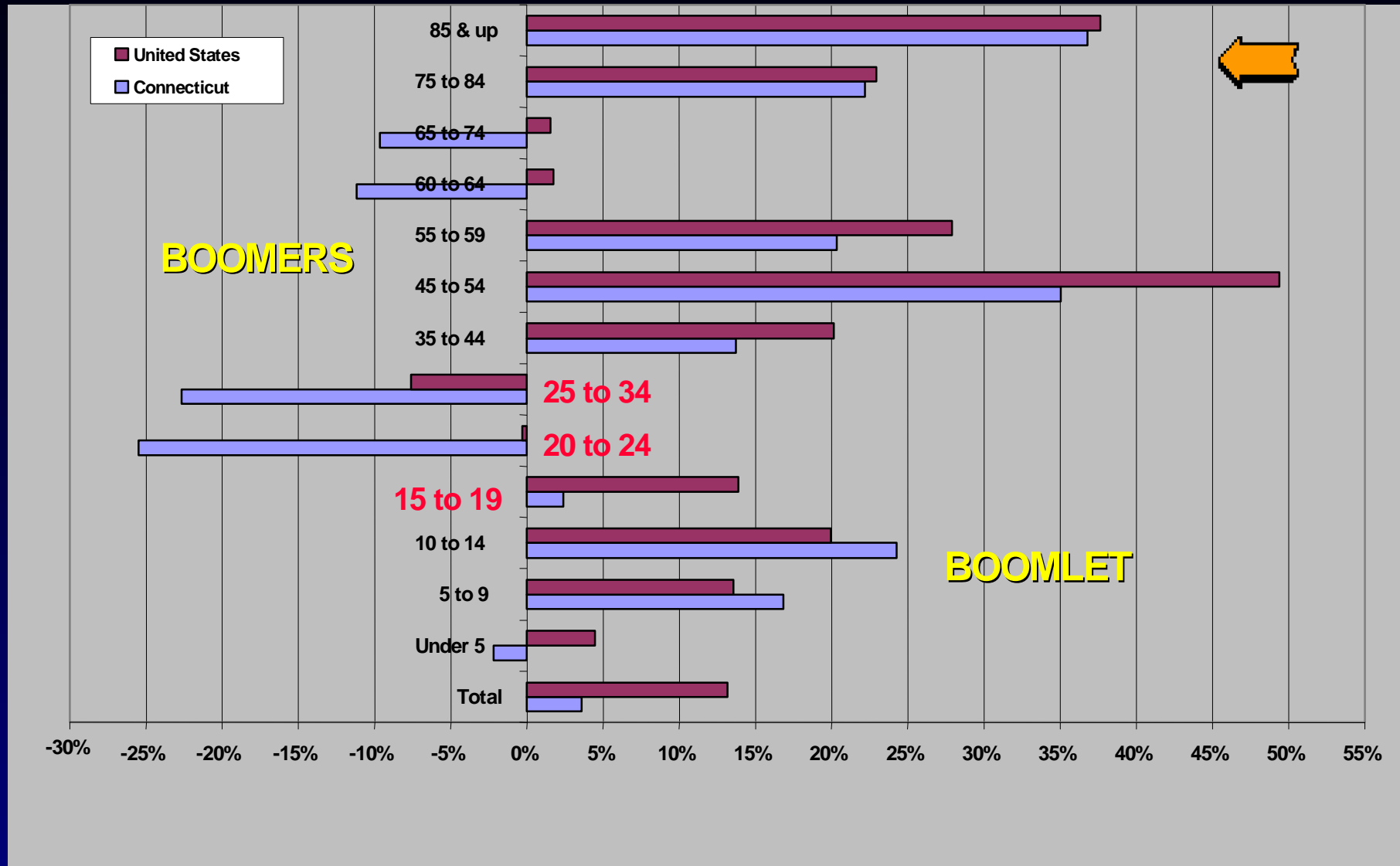
SOURCE: BLS

RELATIVE BUSINESS COSTS ARE THE MOST IMPORTANT LONG-TERM DETERMINANTS OF REGIONAL ECONOMIC PERFORMANCE



SOURCE:ECONOMY.COM

**CONNECTICUT'S AGING WORKFORCE AND DEMOGRAPHIC
SHIFTS IMPLY THAT THE FUTURE WORKFORCE MAY BE INADEQUATE.**
(% Change in Age Category, 1990-2000 Census, CT vs. U.S.)



SOURCE: U.S. CENSUS

CONCLUSIONS:

- **U.S. AND CT JOB MARKETS ARE UNDERGOING MAJOR STRUCTURAL CHANGE.**
- **BOTH DIRECT AND INDIRECT COSTS ARE NOW PLAYING A ROLE IN JOB EXPANSION.**
- **THE FUTURE LABOR FORCE WILL BE SHAPED BY DEMOGRAPHICS, PUBLIC POLICY, AND OUR ABILITY TO COMPETE.**
- **THE NEED FOR INCREASED BUSINESS PRODUCTIVITY WILL NOT SUBSIDE GIVEN THE CURRENT GLOBAL ECONOMIC ENVIRONMENT. THERE WILL BE CONTINUED PRESSURES TO KEEP COSTS DOWN WHILE CONTINUING TO GROW OUTPUT.**

BOTTOM LINE:

- **Q: WHAT PUBLIC/PRIVATE PARTNERSHIPS CAN BE CREATED TO HELP FACILITATE THE PROCESS OF JOB CREATION, JOB RETENTION, AND WORKFORCE DEVELOPMENT?**
- **Q: HOW CAN WE GROW AND KEEP HIGH VALUED-ADDED JOBS AND BUSINESSES?**

***" Smooth seas do not
make skillful sailors"***

- Old Proverb